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SUBJECT: DELAYED MEGA PROJECT NOW UNDER CONSTRUCTION:  
BUBIYAN PORT

REF: A. 08 KUWAIT 655

[1](#)B. 07 KUWAIT 852

[1](#)1. (SBU) Summary and Key Points. On September 3, Econoff met with Engineer Adel Abdullah Al-Torke, Chief of Mega Projects Sector, Ministry of Public Works (MoPW) to discuss the status of the Bubiyan port project. Key points discussed:

- Status of the Bubiyan port project: project delayed by one year, costs estimated to be in excess of 720 million KD;
- Unexpected environmental challenges caused considerable delay;
- Phase one: transportation corridor infrastructure currently under construction: new road, new bridges, and new railway;
- Phase two: port construction and phase three: dredging still in tender stage; and
- Port location within border demarcated by UN. End Summary.

#### Background

[1](#)2. (U) A project to build a new state of the art port on Kuwait's Bubiyan Island, conceived in 2003 and slated to begin construction in 2006, is finally underway. The port is in close proximity to Iraq and Kuwait international boundaries. The planned port will include a free trade zone area, a light industries area, and is expected to relieve traffic to existing ports (Shuwaikh and Shuaiba) by providing a container station of 2.5 million TEU (equal to 20' containers) (ref a & b). Al-Torke reported that the project is currently in phase one: building the transportation infrastructure corridor from Bubiyan to the Sabbiya area, a currently undeveloped area located on mainland North of Kuwait City center. This area is also slated for future development.

#### 2013 Targeted Completion Date

[1](#)3. (SBU) Al-Torke told Econoff that the original project plan has not changed but the timeline has shifted by one year. He projected a new target completion date of 2013. Al-Torke reported that the environment was to blame for some of the delay and specifically mentioned loose soil which was found unsuitable for construction. He went on to say that the soil has been compacted and construction of the new 37 km long transportation corridor from the port to Subiya, which includes a new road, a new railway, and corresponding bridges, is currently underway. At an estimated cost of 120 million KD, this infrastructure will accommodate an over all increase in traffic to the port including construction materials needed to begin phases two and three of the project. He opined that delays were not unusual for a project, of this ambitious scale, and that it was to be expected that plans, timeline, and budget would change throughout the project cycle.

## Port Construction and Dredging in Tender Stage

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14. (U) Al-Torke stated that the remaining project phase's port construction and dredging of the Kuwaiti waterway are in the tender stage. He told Econoff that the MPW was using foreign advisors to assist with company pre-qualification during the tender process and that the projects would be awarded to joint ventures between foreign firms and Kuwaiti companies. He cited Louis Berger as well as China Harbor as companies currently involved in the construction. When asked about the maritime border with Iraq, Al-Torke stated that Kuwait is following the UN designated demarcation in the plan for the port, adding, however, that demarcation of the maritime borders with Iraq are under consideration with the GOK Minister of Foreign Affairs. He estimated the cost for port construction at 300 million KD and an additional 300 million KD for dredging (deepening the draught by 20 meters to accommodate container ships). (Note: MFA sources have alluded to discussions with the Government of Iraq in which the Kuwait side has agreed to place the landfill resulting from the dredging on Bubiyan. End Note)

Comment

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15. (SBU) Comment. This "mega project" is designed to help the Kuwait's economy diversify from its current reliance on oil exports, and when completed, will significantly increase Kuwait's cargo handling capacity. The location is also an excellent one for reaching the Iraqi or the Iranian market.

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Absent significant improvements in Kuwait's business climate, however, it is unlikely that the port alone will markedly improve Kuwait's diversification, though it will facilitate Kuwaiti imports. Post believes the current timeline to be ambitious given the scale of the project and the fact that awards have not yet been made for phases two and three. We believe the project is likely to slip and may require additional sounding approvals from the GOK as costs are re-evaluated. A map of the project can be accessed on Embassy Kuwait's intellipedia Econ portal. End Comment.

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